

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

In re: LEE A. COLEMAN

)

OEIG Case # 10-00008

OEIG FINAL REPORT (REDACTED)

Below is a final summary report from an Executive Inspector General. The General Assembly has directed the Commission to redact information from this report that may reveal the identity of witnesses, complainants or informants and "any other information it believes should not be made public." 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report's factual allegations or legal conclusions before the Commission.

The Executive Ethics Commission ("Commission") received a final report from the Governor's Office of Executive Inspector General ("OEIG") and a response from the agency in this matter. The Commission redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Governor's Executive Inspector General and to Lee Coleman II, at his last known address.

These recipients were given fifteen days to offer suggestions for redaction or provide a response to be made public with the report. Certain information contained in the proposed public response may have been redacted in accordance with the Commission's determination that it should not be made public. The Commission, having reviewed all suggestions received, makes this document available pursuant to 5 ILCS 430/20-52.

I. Allegations

The Office of Executive Inspector General ("OEIG") received a complaint alleging that Illinois Department of Transportation ("IDOT") employee Lee A. Coleman II failed to complete an IDOT secondary employment form and engaged in outside employment that created a conflict of interest with his State employment.

II. Background

A. IDOT's Disadvantaged Business Enterprise Program

IDOT administers the Disadvantaged Business Enterprise (“DBE”) program. DBE is a federally mandated program that ensures non-discriminatory contracting opportunities for socially and economically disadvantaged individuals who own or control small businesses.

B. IDOT Position of Lee A. Coleman II

Since 2004, Mr. Coleman has served as a Technical Manager IV with IDOT in District 8. From 2004 until the spring of 2009, Mr. Coleman worked for the IDOT Office of Business and Workforce Diversity (“OBWD”).¹ Mr. Coleman’s duties include planning, designing, implementing, and monitoring the Equal Employment Opportunity, Labor, and DBE programs in order to ensure compliance with applicable laws and rules.

C. Private Business of Lee A. Coleman II

From at least December 2008 to October 2009, Mr. Coleman served as President and Chief Executive Officer of LAC & Associates, LLC (“LAC”). According to its website, LAC is a “disadvantaged and minority-owned business enterprise” located in the metro-east area of Illinois (adjacent to St. Louis, Missouri). LAC specializes in public relations, marketing, and public affairs service for public and private sector clients, with an emphasis on media strategy and marketing.

III. Investigation

A. Secondary Employment Allegation

i. Review of IDOT Personnel Information for Lee A. Coleman II

In January 2010, the OEIG reviewed IDOT documentation pertaining to Lee A. Coleman II and his potential secondary employment. The documents included a letter dated October 2, 2009, in which [IDOT manager] instructed Mr. Coleman to complete a Notice of Outside Employment with IDOT regarding his secondary employment. In the letter, [IDOT manager] informed Mr. Coleman that completion of the form is mandatory for IDOT employees, regardless of whether an employee is a union member. [IDOT manager] instructed Mr. Coleman to return a completed secondary employment form within ten working days of the letter’s date (October 2, 2009).

In an undated response letter, Mr. Coleman references a conversation he had with [IDOT manager] on October 24, 2009 in which he notified IDOT that he had relinquished ownership of LAC to his wife, Annette Coleman. In this letter, Mr. Coleman stated that he would no longer hold any position in LAC or receive any compensation from the business. Mr. Coleman included a copy of a letter from the Illinois Office of the Secretary of State (“SOS”) dated October 9, 2009, which reflected that an application for amendment had been placed on file for LAC. Mr. Coleman also included a copy of the SOS Articles of Amendment form indicating

¹ In the spring of 2009, OBWD was reorganized and Mr. Coleman’s position was reassigned to the IDOT Division of Highways.

Mr. Coleman had withdrawn as a member of LAC and his wife, Annette Fields-Coleman was admitted as a new member of LAC. The Articles of Amendment form was file stamped on October 9, 2009.

The IDOT documentation pertaining to Mr. Coleman's secondary employment also included the first page of a letter dated January 12, 2009, addressed to former IDOT Secretary Milton R. Sees. The letter was on the Illinois State Black Chamber of Commerce ("Illinois State Chamber") letterhead and lists the officers of the Illinois State Chamber. Mr. Lee Coleman is listed as the Illinois State Chamber's Acting Regional Vice President for the Southern Region.

ii. 2009 Statement of Economic Interest for Lee A. Coleman II

On March 15, 2010, the OEIG viewed the SOS website and located a Statement of Economic Interests ("SEI") form filed by Mr. Coleman dated April 25, 2009. In the SEI, Mr. Coleman indicates that he is the sole member of LAC, and that LAC derived reportable income in the preceding calendar year. Mr. Coleman also filed a SEI in 2008 but did not list LAC on the form.

iii. Review of LAC Corporate Information

On March 26, 2010, the OEIG conducted a corporate search for LAC on the SOS business services website. The SOS website indicated that Mr. Coleman was the "Agent" for LAC, and Annette Fields-Coleman was listed as a "Member" of LAC. When the OEIG conducted a similar search on January 27, 2011, the SOS website showed Annette Coleman as the "Agent" and the sole "Member" of LAC.

iv. Subject Interviews of Lee A. Coleman II

On July 8, 2010, the OEIG interviewed Mr. Coleman. Mr. Coleman said that his current title was Equal Employment Officer and that he was in the Teamsters Union. Mr. Coleman described his job duties as setting goals for workforce development and ensuring that IDOT contractors adhere to laws requiring minority participation. Mr. Coleman stated that IDOT established the DBE program to ensure that IDOT contractors provided a certain percentage of their subcontracts to DBE businesses.

Mr. Coleman stated that he previously owned LAC, but he transferred ownership to his wife (Annette Fields-Coleman). He stated that LAC is a public relations consulting firm. Mr. Coleman stated that he filed a Statement of Economic Interests but not a disclosure of outside employment, because his union had advised IDOT employees not to fill out the IDOT forms requesting approval for secondary jobs. Mr. Coleman stated that IDOT General Counsel Ellen Schanzle-Haskins pressured him to sign a secondary employment form. He stated that his union told him he could sign the form, which he did in April 2010. Mr. Coleman stated that he did not think having a secondary business was a problem, as he knew of several other IDOT employees who had secondary businesses.

On January 19, 2011, the OEIG re-interviewed Mr. Coleman. During this interview, Mr. Coleman stated that he had not filled out an IDOT "Notice of Secondary Employment" form in April 2010 as stated in his previous interview, but had instead filled out a Statement of Economic Interest form at that time. Mr. Coleman stated that he did not fill out the Notice of Secondary Employment because his union told him not to do so. Following this interview, Mr. Coleman voluntarily provided the OEIG with three letters written by the Executive Assistant for the General Teamsters/Professional & Technical Employees Local Union 916 ("Union"), Leo Carroll on Union letterhead. Each of the letters indicated that the Union has advised its members not to sign the IDOT secondary employment forms, because the Union had not "signed off" on or "approved the form" being utilized by IDOT. The letters were dated June 8, 2006, August 30, 2007, and February 11, 2009.

B. Conflict of Interest Allegation

i. Review of Website for LAC & Associates, LLC

In May 2010, the OEIG reviewed the website for LAC, <http://lacandassociatesllc.com/>. The website indicated that Mr. Coleman was the President and CEO of LAC and Annette F. Coleman was the Project Manager. The website listed Mason's Landscaping & Construction Services, Inc. ("Mason's Landscaping"), Southern Illinois University – Edwardsville ("SIUE"), and the St. Clair County Black Chamber of Commerce ("St. Clair Chamber") as LAC clients.

ii. Review of IDOT Contracts

In January 2010, the OEIG reviewed an Intergovernmental Agreement between the IDOT OBWD and Southern Illinois University for the establishment of a highway construction training program at SIUE. The program was to provide opportunities for employment diversity and preparation of individuals for placement and retention in the highway construction apprenticeship programs. The Intergovernmental Agreement was entered into in September 2008 and terminated in June 2010. Additionally, IDOT, through OBWD, entered into a contract with the Illinois State Chamber for technical assistance training of minority businesses to help them qualify for the DBE program in IDOT Districts 4 through 9. The term of the contract between the Illinois State Chamber and IDOT was July 2007 through August 2009. In October 2010, the OEIG obtained the IDOT DBE Contractor List. The list indicates that Mason's Landscaping is a DBE contractor in the construction category.

iii. Subpoena for LAC's Client Records

On December 23, 2010, the OEIG issued a subpoena to Annette Fields-Coleman, requesting any and all LAC documents pertaining to business from January 2009 through December 2010 with Mason's Landscaping, SIUE, and the St. Clair Chamber. Mrs. Fields-Coleman responded to the subpoena by letter dated January 6, 2011, stating that no contracts, agreements, or payments existed between LAC and Mason's Landscaping or SIUE. Mrs. Fields-Coleman stated that LAC also had not done business with the St. Clair Chamber, but that LAC is a member of the St. Clair Chamber and had paid membership dues. Mrs. Fields-Coleman added

that LAC's sole contract from January 2009 through the present was with the East St. Louis Public Schools.

iv. *Subpoena for Mason's Landscaping Records*

On December 23, 2010, the OEIG issued a subpoena to William E. Mason Sr., owner of Mason's Landscaping, requesting any and all contracts, payments, receipts or documents related to business with LAC from January 2009 through the present. On January 4, 2011, Mr. Mason responded to the subpoena by stating that Mason's Landscaping has never done any work with LAC, nor had he ever heard of the corporation.

v. *Southern Illinois University – Edwardsville Vendor Database Search*

On January 24, 2011, the OEIG interviewed Shelly Albert, the Purchasing Officer for SIUE. Ms. Albert researched the SIUE vendor databases and did not locate LAC, Lee Coleman or Annette Fields-Coleman as vendors of SIUE. Ms. Albert stated that the databases she searched included all payments to vendors of SIUE from 1998 through January 2011.

vi. *Subject Interviews of Lee A. Coleman II*

During his OEIG interview on July 8, 2010, Mr. Coleman stated that LAC has never conducted business with Mason's Landscaping or any other DBE firms. Mr. Coleman said that Mr. Mason is a good friend of his, and Mr. Mason allowed LAC to list Mason's Landscaping on the LAC website as a business reference. Mr. Coleman stated that LAC previously conducted a survey and handed out flyers for SIUE. He stated that LAC's business with SIUE predated any contract between SIUE and IDOT and believed that LAC performed the work for SIUE prior to August 2008.

During the OEIG re-interview of Mr. Coleman on January 19, 2011, he stated that since 2002 he has served as the President and CEO of the St. Clair Chamber. Mr. Coleman stated that he is a "member" of the Illinois State Chamber. Mr. Coleman stated that since 2005, he has also held the title of Acting Regional Vice President for the St. Clair Chamber (not the Illinois State Chamber) and his duties include organizing new chapters throughout the southern region of Illinois. Mr. Coleman stated that the St. Clair Chamber is an affiliate of the Illinois State Chamber. Mr. Coleman stated that he is not compensated for his service on the St. Clair Chamber. Mr. Coleman said that he had not reported his positions with the St. Clair Chamber or his membership in the Illinois State Chamber to the IDOT Office of Chief Counsel or the Bureau Chief of Personnel. Mr. Coleman stated that he did not know he was required to report his chamber positions or membership because he did not consider the positions or membership to be employment.

Mr. Coleman was shown a copy of a print out from the LAC website which listed the clients of LAC as Mason's Landscaping, SIUE, and the St. Clair Chamber. Mr. Coleman stated that his daughter put the LAC website together and that the information placed on the website was not well thought out. Mr. Coleman stated that the St. Clair Chamber was never a client of LAC, nor did LAC have any type of business relationship with the St. Clair Chamber. Mr.

Coleman stated that he was aware that IDOT had a contract with the Illinois State Chamber a few years ago and he believed the contract was for technical support.

vii. *Mr. Coleman's Relationship with the Illinois State Chamber*

On January 21, 2011, the OEIG conducted an interview of Larry D. Ivory. Mr. Ivory stated that he is the President and CEO of the Illinois State Chamber. Mr. Ivory said that Lee Coleman was at the time the Illinois State Chamber's Acting Regional Vice President for the Southern Region, as well as the President of the St. Clair Chamber. Mr. Ivory stated that Mr. Coleman has held these positions since at least January 2009. The website for the Illinois State Chamber, <http://ilbcc.org/>, indicates that the St. Clair Chamber is a local chapter of the Illinois State Chamber. The website also indicates that Mr. Lee Coleman is the Southern Regional Vice President for the Illinois State Chamber.

IV. Analysis

A. **Outside Employment**

IDOT Personnel Policy Manual, Order 3-1, Section 19-3(B) (July 2007) required employees engaging in outside employment to make a written request for approval on a Notice of Outside Employment Form. This form must be approved by the employee's immediate supervisor, the director of the employee's office, region, or division and the Bureau Chief of Personnel Management.² When Mr. Coleman acted as the President/CEO for LAC, he was required to complete a Notice of Outside Employment under IDOC policies. Mr. Coleman claimed that he did not fill out the form because his Union told him he did not have to do so. Based on the letters supplied to the OEIG by Mr. Coleman, it appears that the Union had in fact instructed IDOT employees not complete secondary employment forms. However, Mr. Coleman did violate IDOT policy by not completing a secondary employment form when he held the secondary employment with LAC in 2008 and 2009.³ Therefore, this allegation is **FOUNDED**.

B. **Conflict of Interest**

IDOT Departmental Orders (IDOT Orders), Order 3-1, Section 15-1(A) (March 2002) states that all IDOT employees and their immediate family members must avoid situations involving conflicts of interest or the appearance of a conflict of interest. IDOT Order 3-1, Section 15-1(B)(1)(a) states that IDOT employees shall not "acquire outside interests which could cause a reasonable person to presume that the employee's judgment and loyalty on Department matters might be affected." Section 15-1(B)(3) of the IDOT Order 3-1 states this policy should not be constructed to prohibit participation in charitable organizations, however, such activities must be carefully analyzed to ensure consistencies with IDOT's conflict of interest guidelines. Section 15-1(B)(4) of the IDOT Order 3-1 states, if there is any question of a

² In February 2010, IDOT enacted a new Personnel Policy Manual, however, the IDOT Orders were in effect at the time Mr. Coleman is alleged to have maintained secondary employment.

³ The OEIG takes no position on whether the Union was correct to advise its members not to fill out the form or whether the form used by IDOT was appropriate and would withstand a Union grievance.

conflict of interest in regard to an outside activity, the employee shall obtain the approval of the Bureau Chief of Personnel Management before proceeding.

In February 2010, IDOT enacted a new Personnel Policy (IDOT Policy). The IDOT Policy Manual, Section 15-3, states that a conflict of interest exists when an employee or an employee's family member shares employment or other interest that might interfere or appears to interfere with the employee's ability to exercise independent judgment in IDOT's best interest. This IDOT Policy further states that interests and relationships connected with businesses, government agencies, or other organizations that IDOT regulates or that do business with IDOT are of particular concern, because the interest may create a real or apparent conflict of interest. IDOT Policy Manual, Section 15-2 states that all IDOT employees and their immediate family members shall avoid situations involving conflicts of interest and the appearance of a conflict of interest. IDOT Policy, Section 15-3 states, "Employees are not prohibited from participation in charitable, educational or similar organizations provided they do not conflict with the guidelines set forth under this policy. If there is any question of a conflict of interest with outside work or other activities, the employee shall obtain the approval of the [Office of Chief Counsel] before proceeding."

Mr. Coleman was the President and CEO of LAC until October 2009 when he transferred his interests to his wife, Mrs. Fields-Coleman. Even after the transfer of ownership to Mrs. Fields-Coleman in October 2009, the IDOT Orders and IDOT Policy regarding conflicts of interest were applicable to Mr. Coleman, because a member of his immediate family, Mrs. Fields-Coleman, owned LAC.

The evidence supports Mr. Coleman's assertion that Mason's Landscaping and SIUE were not actually clients of LAC despite being listed as clients on the LAC website. William Mason of Mason's Landscaping indicated that his company had not done business with LAC and that he was unfamiliar with LAC. Mr. Coleman stated that Mason's Landscaping was not a client, but LAC used the business name on its website because William Mason was a friend. SIUE had no records of LAC or Mr. Coleman or Mrs. Coleman being a vendor of SIUE in their databases, and Mr. Coleman stated that LAC conducted business with SIUE prior to IDOT entering into a contract with SIUE in September 2008. Additionally, in response to an OEIG subpoena, Mrs. Fields-Coleman stated that LAC had no business relationship with either Mason's Landscaping or SIUE from January 2009 through December 2010.

Regardless of the fact that Mason's Landscaping was not an actual client of LAC and SIUE was evidently a client of LAC only prior to SIUE's contract with IDOT, an apparent conflict of interest was created when LAC advertised on its website that Mason's Landscaping and SIUE were clients of LAC. Mason's Landscaping is an IDOT DBE contractor, and SIUE had an Intergovernmental Agreement with the OBWD at IDOT to provide technical assistance training to minority businesses to aid them in qualifying for the DBE program. Mr. Coleman's position requires him to monitor DBE businesses and he worked for the OBWD when the OBWD entered into the contract with SIUE in September 2008. Regardless of whether Mr. Coleman or his wife was controlling LAC, Mr. Coleman created an appearance of a conflict of interest when he listed Mason's Landscaping and SIUE as clients of LAC.

LAC also listed on its website the St. Clair Chamber as a client. The evidence supports Mr. Coleman's claim that the St. Clair Chamber was not a client of LAC. While the St. Clair Chamber is a local chapter of the Illinois State Chamber and IDOT has a contract with the Illinois State Chamber, the OEIG uncovered no evidence of a contractual or business relationship between the St. Clair Chamber and LAC. The evidence only indicated that LAC was a member of the St. Clair Chamber. However, Mr. Coleman's service as the Acting Regional Vice President for the Illinois State Chamber creates the appearance of a potential conflict of interest, because IDOT had a contractual relationship with the Illinois State Chamber. While Mr. Coleman claimed during his interview to be the Regional Vice President of the St. Clair Chamber and not Illinois State Chamber, the Illinois State Chamber website, the Illinois State Chamber letterhead, and statements of Illinois State Chamber President and CEO Larry Ivory support the fact that Mr. Coleman is in fact the Regional Vice President of the Illinois State Chamber.⁴

Under IDOT policy, service in a charitable organization must be carefully analyzed, and if there is any question of a conflict of interest, an employee is required to obtain the approval of the Bureau Chief of Personnel Management (or after February 2010, the Office of Chief Counsel) before proceeding. IDOT policy specifies that an employee's relationship with an organization that IDOT does business with, such as the Illinois State Chamber, is of particular concern. A reasonable person could believe that Mr. Coleman's judgment and loyalty on IDOT matters may be affected by his service as the Regional Vice President of the Illinois State Chamber given that the Illinois State Chamber has a contract with IDOT regarding training of minority businesses for qualification in the DBE program. Therefore, Mr. Coleman had a duty to obtain the approval of the Bureau Chief of Personnel Management (or the Office of Chief Counsel) before proceeding with service as an officer of the Illinois State Chamber. Mr. Coleman admitted in his OEIG interview that he did not obtain approval of either the Bureau Chief of Personnel Management or the Office of Chief Counsel, because he did not know he had to do so and he did not think his service on the St. Clair Chamber or membership in the Illinois State Chamber amounted to employment. For the foregoing reasons, the allegation that Lee A. Coleman II violated IDOT Conflict of Interest policies by failing to contact the Bureau Chief of Personnel Management or the Office of Chief Counsel regarding his service as an officer of the Illinois State Chamber and for listing Mason's Landscaping and SIUE on the LAC website as clients is **FOUNDED**.

V. Recommendations

The OEIG issues these findings:

➤ **FOUNDED** – Lee A. Coleman II failed to complete a Notice of Outside Employment as required by IDOT policy.

➤ **FOUNDED** – Lee A. Coleman II created an apparent conflict of interest by maintaining a website for a secondary business which identified IDOT

⁴ It also makes little to no sense that there would be a "regional" vice president position for an organization covering only St. Clair County.

contractors as clients and by not obtaining approval of IDOT before proceeding with service as an officer for the Illinois State Black Chamber of Commerce.

The OEIG recommends that Lee A. Coleman II be subject to discipline for failing to complete a Notice of Secondary Employment and for creating an apparent conflict of interest.

No further investigative action is warranted and this case is considered closed.



Illinois Department of Transportation

Office of Quality Compliance & Review
201 West Center Court / Schaumburg, Illinois 60196-1096

July 11, 2011

Mr. Neil Olson
Deputy Director
Office of Executive Inspector General
607 East Adams, 14th Floor
Springfield, Illinois 62701-1634

Dear Mr. Olson:

This letter is in response to your June 3, 2011 letter regarding case number 10-00008 in which you requested that we inform your office of the actions taken to address your recommendations. In accordance with your recommendations a pre-disciplinary hearing was held on July 6, 2011, and Mr. Coleman was presented with charges that he failed to complete a notice of outside employment and that he created a conflict of interest. Mr. Coleman's rebuttal to these charges is expected to be received by July 14, 2011.

If you have any questions, or if I can be of further assistance to you or your staff, please do not hesitate to contact me at 847-221-3086.

Respectfully,

Daniel J. Kennelly
Director

cc: Acting Secretary Ann Schneider
Chief Counsel Ellen Schanzle-Haskins
Ethics Officer Robert Anderson



Illinois Department of Transportation

Office of Quality Compliance & Review
201 West Center Court / Schaumburg, Illinois 60196-1096

July 26, 2011

Mr. Neil Olson
Deputy Director
Office of Executive Inspector General
607 East Adams, 14th Floor
Springfield, Illinois 62701-1634

Dear Mr. Olson:

This letter is a follow up to our July 11, 2011 letter regarding case number 10-00008 in which we updated your office of the actions taken to address your recommendations. In accordance with your recommendations it was determined that Mr. Coleman would be suspended for 10 calendar days beginning July 22, 2011.

If you have any questions, or if I can be of further assistance to you or your staff, please do not hesitate to contact me at 847-221-3086.

Respectfully,

Daniel J. Kennelly
Director

cc: Acting Secretary Ann Schneider
Chief Counsel Ellen Schanzle-Haskins
Ethics Officer Robert Anderson



Illinois Department of Transportation

Office of Quality Compliance & Review
201 West Center Court / Schaumburg, Illinois 60196-1096

August 3, 2011

Mr. Neil Olson
Deputy Director
Office of Executive Inspector General
607 East Adams, 14th Floor
Springfield, Illinois 62701-1634

Dear Mr. Olson:

This letter is to further clarify our July 26, 2011 letter regarding case number 10-00008. As stated in that letter, Mr. Coleman was suspended for 10 consecutive calendar days beginning at the close of business on July 22, 2011. This suspension resulted in Mr. Coleman effectively being suspended for 6 working days.

If you have any questions, or if I can be of further assistance to you or your staff, please do not hesitate to contact me at 847-221-3086.

Respectfully,

Daniel J. Kennelly
Director

cc: Acting Secretary Ann Schneider
Chief Counsel Ellen Schanzle-Haskins
Ethics Officer Robert Anderson